



News Release

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**OFFSHORE VOLUNTARY COMPLIANCE INITIATIVE HAS MONTH TO GO;
PEOPLE NEED TO APPLY DIRECTLY TO RECEIVE PENALTY RELIEF**

WASHINGTON – Internal Revenue Service officials today reminded people that time is running short for those who have used offshore payment cards or other offshore financial arrangements to avoid U.S. taxes and who want to take advantage of the Offshore Voluntary Compliance Initiative (OVCI). Individuals need to apply directly to OVCI to receive the initiative's penalty relief.

People need to come forward and request to participate in the OVCI by April 15, 2003. To request participation, taxpayers must notify the IRS in writing and provide their name, taxpayer identification number, current address, daytime phone number and certain promoter information.

"Time is running out for offshore tax evaders," said acting Commissioner Bob Wenzel. "April 15 is the last chance to come forward under this program and make things right. If these people don't act now, there's a much higher price to be paid later."

Once taxpayers have been deemed eligible to participate, they have 150 days to provide all required documents and information to the IRS. Full details on terms, eligibility and how to apply can be found in the Revenue Procedure 2003-11.

"Those who are involved with abusive offshore practices need to come forward, identify themselves and tell the IRS the names of those who sought to sell them on these schemes," said Wenzel. "They need to avoid the temptation of trying to slip by or they will face the consequences."

In monitoring the filing of amended and delinquent returns, the IRS has detected taxpayers who appear to have used offshore payment cards and other offshore financial arrangements. These taxpayers, however, are filing their returns without requesting participation in the OVCI.

IRS officials are closely screening such returns to determine which civil penalties are warranted. Since in these circumstances, the taxpayer has not requested participation in the OVCI, the taxpayer will not receive the Initiative's penalty relief. In appropriate circumstances, the taxpayer will face the full range of civil penalties, including the civil fraud penalty. The civil fraud penalty is 75 percent of the unpaid tax liability attributable to fraud.

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In response to inquiries, the IRS has clarified its position regarding the OVCI and prior year tax returns. Although the Initiative only requires taxpayers to file amended or delinquent returns for the last three years (1999-2001), it also offers taxpayers the same terms if they choose to bring earlier years into the Initiative. Eligible taxpayers who choose to bring the years 1996-1998 into the Initiative will not be examined for any earlier years.

Since announcing the OVCI in mid-January, the IRS has received numerous questions on the Initiative. To assist potential applicants and their tax advisors, the IRS has updated the Frequently-Asked-Questions on the IRS Web site at www.irs.gov

Written requests for the OVCI can be sent to the following mail addresses:

Regular Mail:	National Offshore Voluntary Compliance Initiative Coordinator P.O. Box 480 Bensalem, PA 19020
Overnight/ Special Delivery	National Offshore Voluntary Compliance Initiative Coordinator 11601 Roosevelt Blvd. Philadelphia, PA 19154 DP S6005

Those seeking information by telephone should call: 215-516-3537 (not toll-free). In addition, a special e-mail address has been set up for taxpayers. All e-mail queries should be sent to vci@irs.gov.

Additional information on the Offshore Voluntary Compliance Initiative is available on the IRS Web site at www.irs.gov.

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